



FOR IMMEDIATE RELEASE
Wednesday, January 8, 2003

Contact: Andy Davis or Lantie Ferguson
(202) 224-6654
<http://hollings.senate.gov>

Hollings Introduces Bill to Protect Social Security Surplus

Legislation ensures that tax cuts are implemented only if the nation can pay for them

WASHINGTON, D.C. – Last night, U.S. Sen. Fritz Hollings, a senior member of the Senate Budget Committee, introduced legislation to protect the Social Security trust fund by ensuring that the fund's surpluses are not spent on tax rate reductions.

Specifically, the Hollings bill mandates that any scheduled tax rate reductions will be suspended at the end of each fiscal year if the Treasury Department shows an on-budget deficit. An on-budget deficit indicates that the government has spent funds dedicated for the Social Security trust fund. The legislation would go into effect on October 1, 2003, the end of fiscal year 2003.

"Now that everyone is talking about cutting taxes, I do not want to forget the promises made on Social Security. I want to hold everyone to their word, because that is what the American people who depend on Social Security want as priority one," Sen. Hollings said. "Don't get me wrong – I'm not trying to do away with tax cuts, so long as you can pay for them. The purpose of this bill is simply to ensure that no Social Security surpluses be used to pay for any further tax cuts – period."

As of October 1, 2002 – the end of fiscal year 2002 – Congress has borrowed \$1.5 trillion from the Social Security trust fund and owes all of the federal trust funds over \$2.75 trillion. The long-term cost of raiding these trust funds is runaway debt that currently costs American taxpayers about \$1 billion per day. To address this perennial problem, Hollings has consistently fought to protect the Social Security Trust Fund. In 1995, 1997, 1998, and 1999, Hollings authored amendments to ensure that Social Security Trust Funds could not be used to offset and mask Congressional spending.

A former chairman of the Senate Budget Committee (1980-1981), Senator Hollings is the only senator to serve continuously on the committee since its inception in 1974. A stalwart advocate for fiscal responsibility, Sen. Hollings has argued for over three decades that the federal government must balance its budget and eliminate the national debt, or the country will have great difficulty remaining competitive in the global economy over the long term.

###